



Australian Government

**Department of Industry
Tourism and Resources**

**The Department of Industry, Tourism and Resources'
Second Supplementary Submission
to the Inquiry into the Current and Future Directions of Australia's Service
Industries
by the House of Representatives Standing Committee on Economics, Finance and
Public Administration**

**Update on Actions to Address Unethical Practices
in the Inbound Tourism Industry**

March 2007

Introduction

This second supplementary submission by the Australian Government Department of Industry, Tourism and Resources (DITR) provides an update on actions being taken to address unethical practices in the inbound tourism industry. This is further to information previously provided in DITR's December 2006 supplementary submission (listed as Submission 45 on the Inquiry's website).

Australian Government stance on additional tourism industry regulation

The Minister for Small Business and Tourism, the Hon Fran Bailey MP, released the Australian Government response to the *National Tourism Emerging Markets Strategy* (NTEMS) and the *National Tourism Investment Strategy* (NTIS) reports on 11 January 2007.

The response to an NTEMS recommendation seeking new legislation (pages 28-29) is that strong enforcement of current fair trading legislation, industry-based solutions and non-legislative government initiatives should be tried in the first instance, before considering the need for future additional legislation.

The full text of the response is provided at **Attachment A** to this submission.

Strong enforcement of existing legislation

As indicated in DITR's December 2006 additional submission to this Inquiry, enforcement agencies on the Inbound Tourism Compliance Taskforce have at all times indicated their willingness to thoroughly investigate any matter regarding unethical practices in the tourism industry that is brought to their attention. However, enforcement agencies report that they receive low levels of tourism complaints and intelligence, with associated difficulties in obtaining the evidence needed to support enforcement action.

To address this problem, tourism and enforcement agencies are cooperating in initiatives which aim to facilitate and increase the flow of information to enforcement agencies.

Industry compliance

In February 2007, DITR released a new publication *A Fair Go for Tourists: Compliance information for the tourism industry in Australia*. This resource is targeted to tourism businesses and industry associations, and has been developed as a joint initiative of tourism and enforcement agencies around Australia under the Inbound Tourism Compliance Taskforce. It provides an overview of tourism compliance obligations, and also features quick-reference contact information to encourage tourism operators to pass on information on alleged unethical operators to relevant enforcement officers.

This compliance guide is downloadable in pdf format from www.industry.gov.au/tourismcompliance. Promotion to the trade in Australia and overseas is now proceeding.

Consumer protection

Also in February 2007, DITR and Tourism Australia (TA) released refreshed and extended resources relating to consumer (international visitor) protection.

Consumer protection information on TA's multilingual site targeted to intending visitors to Australia, www.australia.com, has been updated. The Shopping Guidelines information highlights that visitors are protected under Australia's consumer protection laws, and provides tips on purchasing tourism products and services in Australia. This information is currently positioned under the *Plan your trip/Useful Travel Information* area of the site.

The information on TA's site also advises that if a visitor feels they have been treated unfairly by a business in Australia and they wish to lodge a complaint, two national tourist complaint mechanisms are made available by DITR:

- a national telephone hotline 1300 552 263, with telephone interpreter services available by ringing 131 450; and
- an online tourist complaint form hosted on the DITR site at www.industry.gov.au/touristcomplaints.

Submitted complaints automatically forward to State and Territory Fair Trading Agencies for response.

Promotion and distribution of these consumer protection resources to international visitors to Australia, particularly from North Asian markets, is focusing on web-based strategies. TA's consumer site www.australia.com provides the core web repository of Australian Government consumer protection messages to international visitors to Australia. Australian Government agency websites used by inbound visitors, such as AQIS and Customs, are in the process of building cross links to TA's site. DITR is also inviting promotion through State Tourism Organisations.

DITR will be liaising with State and Territory Fair Trading Agencies to monitor complaint activity levels and indicative outcomes.

ATTACHMENT A

**Australian Government response on the recommendation in the National
Tourism Emerging Markets Strategy report to enact legislation.**

Source: Australian Government response: National Tourism Emerging Markets Strategy Report *Investing today for tomorrow* and National Tourism Investment Strategy *Investing for our future*; January 2007; pages 28-29.

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The Australian Government to enact legislation, as a matter of urgency, to address unethical practices that undermine product quality and the content of tours sold to meet the expectations and satisfaction of Chinese visitors, and to protect the brand image and positive perception generally enjoyed by Australia. The state and territory governments to support the Australian Government initiatives to legislate against improper practices.

Unfair trading and consumer protection are addressed through existing prohibitions and provisions within the *Trade Practices Act 1974* (TPA). Any potential additional legislation specific to the tourism industry would need to take account of the existing prohibitions in the TPA and would require the support of state and territory governments. In addition, there may be enforcement difficulties for regulators with a second piece of legislation to the extent that it replicates the TPA.

For these reasons, the Australian Government believes the issue of eradicating unethical business practices by a small number of tourism operators in the Chinese group tour market should, in the first instance, be addressed through industry-based solutions and non-legislative government initiatives. The Government is already working with state and territory governments and the tourism industry on a range of initiatives in this area.

Since 2004, the Australian Government has convened the Inbound Tourism Compliance Taskforce, with representation from tourism and enforcement agencies across a range of jurisdictions, to encourage strengthened enforcement action against tourism operators that breach regulatory requirements. Taskforce member agencies have been active in a number of coordinated investigations.

The Approved Destination Status (ADS) scheme, which received an additional \$3.9 million in funding in the 2006–07 Budget after it was strengthened in June 2005, is also working to limit unethical practices in the China inbound market. The strengthened scheme is backed by a penalties framework and strengthened compliance monitoring and includes the implementation of a revised *ADS Code of Business Standards and Ethics*. The robust ADS application process for Australian inbound tour operators also involves a ‘fit and proper person’ test assessing operators’ industry fitness and good standing

The Australian Government has also contributed funding support for two new industry-led voluntary accreditation schemes:

- the Australian Tourism Export Code of Conduct will be administered by the Australian Tourism Export Council and will set standards for ethical and professional practice for tourism businesses delivering products and services to international visitors in Australia, including visitors from China; and
- *Guides of Australia* is a national tour guide accreditation framework developed by Guiding Organisations Australia, which will provide minimum benchmarks for tour guide professional standards and links to existing specialist accreditation programmes and professional development opportunities.

Uptake of these accreditation schemes will be motivated by the promotional advantages to accredited businesses and guides, including being listed in public registers and being entitled to use the quality logos of these programmes.

Consideration of the need for future additional legislation will be dependent on the outcomes and success of these initiatives.